

*Translation from
Romanian*

ELECTROARGEŞ S.A.

CURTEA DE ARGEŞ, str. Albeşti, nr. 12, Judeţ Argeş, ROMANIA

Tel. 0248724000, fax 0248724004

Share capital 6,976,465.00 lei, subscribed and fully paid; nominal value per share 0.10 lei.

Registered in Argeş Trade Register with No. J03/758/1991

Tax Code: 156027

**FOR THE ATTENTION OF
THE FINANCIAL REGULATOR -
THE FINANCIAL INSTRUMENTS AND INVESTMENT SECTOR
Issuers, Transaction Monitoring and Market Abuse Department
Fax: 021 6596051/6596436**

Current report in accordance with: Law 24/2017 on the issuers of financial instruments and market operations and ASF Regulation no. 5/2018 on the issuers of financial instruments and market operations.

Report date: 08.04.2020

Issuer's name: ELECTROARGES SA, BSE code: elgs

Registered office: Curtea de Arges, str. Albeşti , nr. 12, jud. Argeş

Telephone/fax number: 0248724000/0248724004

Trade Register Registration Code: RO156027

Trade Register Registration Number: J03/758/1991

Share capital subscribed and paid: 6,976,465.00 lei

Regulated Market trading the issued securities:

BSE – main market, standard category

Electroargeş S.A.'s Board of Directors informs the shareholders and potential investors that Investments Constantin S.R.L., Electroargeş S.A.'s main shareholder, communicated a letter on April 8th, 2020, asking to inform shareholders about the following:

"1. By the Civil Sentence no. 132/02.04.2019 pronounced by the Galaţi County Court in Case no. 2897/121/2017 / a1*, which is final by the Civil Sentence no. 75/18.03.2020 pronounced by the Constanţa Court of Appeal, it was ordered "the cancellation of the sale-purchase operation concluded during 18.08.2015 - 21.08.2015 between Bran Oil S.A., as a seller, and Constantin Relative Investments S.R.L. (the current Investments Constantin S.R.L.), as a buyer, having as



object 16,000,000 shares issued by Electroargeş SA." and the obligation of "Constantin Relative Investments S.R.L. to return the claimant's shares;

2. The above sentence is unprecedented in the case law of Romania and Europe, as long as ELGS shares are intangible movable property and cannot be subject to a refund;

3. The court order cannot be enforced, no direct transfer of securities is allowed under this court order. Depozitarul Central SA refused to respond to the enforcer's summons aiming to operate a direct transfer of shares (Depozitarul's letters no. 11603/02.04.2018 and no. 17340/24.05.2019). **The court did order neither the Depozitarul Central nor the ASF to any action. On the other hand, they could not ex officio proceed to the transfer operation since they have no capacity of enforcement body.**

The court order cannot be enforced, Depozitarul Central SA has shown that no transfer of shares and/or enforcement measures can exist given that:

- Depozitarul is not a party to the case and was not obliged to make the transfer, art. 435 paragraph 1 NCP,
- The shares are subject to unavailability, art. 61 of Regulation no. 13/2005,
- The lack of individualization of the 16,000,000 shares whose return is requested, considering that Investments Constantin SRL owns 25,699,543 ELGS shares (Depozitarul's letter no. 26457/14.08.2019),
- The direct transfer of securities is not allowed in cases such as the one regarding the solution in Case no. 2897/121/2017 / a1*,
- Etc.

In all situations and cases, no transfer is possible on the BSE without payment and without the share holder understanding of having them through the stock exchange mechanism, "All transactions with securities ... are settled through the DAP (delivery against payment) mechanism.";

4. Depozitarul Central SA also showed that if it would consider to comply with such a request, overcoming all other legal obstacles, there should be at least an identical request for share transfer from Investments Constantin SRL;

5. It is impossible to return the Electroarges SA shares, Investments Constantin SRL does not agree with a possible return to the situation before the compensation, nor with respect to a possible revocation of the transfer orders because the law would be broken;

6. Investments Constantin SRL and its associates reserve the right to take all measures against the Constanta Court of Appeal magistrates who delivered the solution in the Case no. 2897/121/2017 / a1*, as well as against the other persons involved;

7. The Civil Sentence no. 75/18.03.2020 delivered by the Constanta Court of Appeal is not legal, it is not motivated and, as a consequence, it has not been communicated. After the communication, Investments Constantin SRL will carry out the necessary steps in order to exercise extraordinary remedies. "

The history regarding the cancellation of the transaction on the capital market can be

found in the documents attached to the letter sent by the shareholder Investments Constantin S.R.L., and these are uploaded on the company website in the „Informații Utile/Comunicate” section, respectively:

- Annex 1 – Scheme of transaction cancellation on the capital market and of the unjust enrichment;
- Annex 2 - PDA Insolvency SPRL Action for cancellation;
- Annex 3 - Civil Sentence no. 115 of 19.03.2018;
- Annex 4 - Appeal against the Civil Sentence no. 115 of 19.03.2018;
- Annex 5 – Quash Judgment of the Civil Sentence no. 115 of 19.03.2018;
- Annex 6 - Civil Sentence no. 132 of 02.04.2019;
- Annex 7 - Appeal against the Civil Sentence no. 132 of 02.04.2019;
- Annex 8 - Summary of the grounds of appeal against the Civil Sentence no. 132 of 02.04.2019;
- Annex 9 - Legal Opinion - Prof. Cristian Gheorghe - Definitive character of Transactions on the Capital Market;
- Annex 10 - Legal opinion - Prof. Ioan Vida - Application of special laws - L 85/2014 vs L 297/2004;
- Annex 11 - Legal opinion - Prof. Valeriu Stoica - Analysis of the Legality of the Civil Sentence no. 132 of 02.04.2019;
- Annex 12 - IC Complaint - CSM - Judge Sorina Luchian - Galati County Court;
- Annex 13 - IC Complaint - CSM - Magdalena Hanu Judge - Galati County Court;
- Annex 14 - IC Complaint - Bar - Lawyer Daniel-Silviu Stoicescu;
- Annex 14.1 - IC Complaint Addition - Bar - Lawyer Daniel-Silviu Stoicescu;
- Annex 15 - Decision - Bucharest Bar no. 819 of 18.09.2018.

Chairman of the Board of Directors,
Constantin Ștefan